

TURNER TOWNSHIP
COUNTY OF ARENAC
FINANCIAL STATEMENTS
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TURNER TOWNSHIP	County ARENAC
Audit Date 3/31/04	Opinion Date 9/13/04	Date Accountant Report Submitted to State: 9/14/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including financial notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

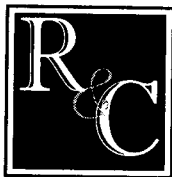
	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) ROBERTSON & CARPENTER, CPAs, LLP			
Street Address 103 E MAIN STREET, PO BOX 69		City ROSE CITY	State MI
Accountant Signature <i>Robertson & Carpenter, CPAs, LLP</i>		ZIP 48654	Date 9/14/04

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1-2
GENERAL PURPOSE FINANCIAL STATEMENTS:	
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES	4
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES	5
NOTES TO FINANCIAL STATEMENTS	6-12
SUPPLEMENTAL INFORMATION	
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:	
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS	13
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS	14
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - TRUST AND AGENCY FUNDS	15
DETAIL OF REVENUES AND EXPENDITURES - GENERAL FUND	16-18



Rodney C. Robertson, CPA
Robert J. Carpenter, CPA

ROBERTSON & CARPENTER, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 69 • 103 E. Main Street • Rose City, Michigan 48654

Phone (989) 685-2411 • Fax (989) 685-2412

Other office: Mio, Michigan

INDEPENDENT AUDITOR'S REPORT

September 13, 2004

Township Board
Turner Township
Arenac County, Michigan

We have audited the accompanying general purpose financial statements of Turner Township, Arenac County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Turner Township, Arenac County, Michigan management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Turner Township as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

Robertson & Carpenter, CPAs, LLP

ROBERTSON & CARPENTER, LLP
Certified Public Accountants

TURNER TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TRUST AND AGENCY</u>
ASSETS			
Cash	\$ 22,368	\$ 35,075	\$ 15,389
Due from Arenac County	1,851	6,367	-
Due from State of Michigan	3,838	-	-
Due from other funds	15,389	-	-
Land and buildings	-	-	-
Equipment	-	-	-
Amount to be provided for installment purchase agreement	-	-	-
Total assets	\$ <u>43,446</u>	\$ <u>41,442</u>	\$ <u>15,389</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 92	\$ -	\$ -
Due to other funds	-	-	15,389
Installment purchase obligation	-	-	-
Total liabilities	<u>92</u>	<u>-</u>	<u>15,389</u>
Fund equity			
Investments in general fixed assets	-	-	-
Fund balances -			
Unreserved/undesignated	43,354	41,442	-
Total fund equity	<u>43,354</u>	<u>41,442</u>	<u>-</u>
Total liabilities and fund equity	\$ <u>43,446</u>	\$ <u>41,442</u>	\$ <u>15,389</u>

See accompanying notes.

ACCOUNT GROUPS			
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTALS (MEMORANDUM ONLY)	
\$ -	\$ -	\$	72,832
-	-		8,218
-	-		3,838
-	-		15,389
54,000	-		54,000
10,398	-		10,398
-	30,972		30,972
\$ <u>64,398</u>	\$ <u>30,972</u>	\$	<u>195,647</u>
\$ -	\$ -	\$	92
-	-		15,389
-	30,972		30,972
<u>-</u>	<u>30,972</u>		<u>46,453</u>
64,398	-		64,398
-	-		84,796
<u>64,398</u>	<u>-</u>		<u>149,194</u>
\$ <u>64,398</u>	\$ <u>30,972</u>	\$	<u>195,647</u>

TURNER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL	SPECIAL REVENUES	(MEMORANDUM ONLY)
REVENUES			
Taxes	\$ 18,812	\$ 40,524	\$ 59,336
State grants	28,401	-	28,401
Charges for services	2,041	-	2,041
Interest and rents	518	224	742
Other	589	-	589
Total revenues	<u>50,361</u>	<u>40,748</u>	<u>91,109</u>
EXPENDITURES			
Current:			
Legislative	8,131	-	8,131
General government	28,398	-	28,398
Public safety	4,185	18,218	22,403
Public works	11,145	21,248	32,393
Capital outlay	-	-	-
Debt service:			
Principal	1,722	-	1,722
Interest	1,599	-	1,599
Total expenditures	<u>55,180</u>	<u>39,466</u>	<u>94,646</u>
Excess (deficiency) of revenues over expenditures	(4,819)	1,282	(3,537)
FUND BALANCES - APRIL 1, 2003	<u>48,173</u>	<u>40,160</u>	<u>88,333</u>
FUND BALANCES - MARCH 31, 2004	\$ <u><u>43,354</u></u>	\$ <u><u>41,442</u></u>	\$ <u><u>84,796</u></u>

See accompanying notes.

TURNER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes	\$ 18,745	\$ 18,812	\$ 67
State grants	31,744	28,401	(3,343)
Charges for services	-	2,041	2,041
Interest and rentals	375	518	143
Other	1,332	589	(743)
Total revenues	<u>52,196</u>	<u>50,361</u>	<u>(1,835)</u>
EXPENDITURES			
Current:			
Legislative	8,474	8,131	343
General government	28,729	28,398	331
Public safety	2,050	4,185	(2,135)
Public works	10,070	11,145	(1,075)
Capital outlay	150	-	150
Debt service:			
Principal	1,723	1,722	1
Interest	1,599	1,599	-
Total expenditures	<u>52,795</u>	<u>55,180</u>	<u>(2,385)</u>
Excess (deficiency) of revenues over expenditures	(599)	(4,819)	(4,220)
FUND BALANCES - APRIL 1, 2003	<u>47,035</u>	<u>48,173</u>	<u>1,138</u>
FUND BALANCES - MARCH 31, 2004	\$ <u>46,436</u>	\$ <u>43,354</u>	\$ <u>(3,082)</u>

See accompanying notes.

SPECIAL REVENUE FUNDS

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
(Note 2)	\$ 40,524	(Note 2)
	-	
	-	
	224	
	<u>40,748</u>	
	-	
	-	
	21,248	
	18,218	
	-	
	-	
	-	
	<u>39,466</u>	
	1,282	
	<u>40,160</u>	
	\$ <u><u>41,442</u></u>	

TURNER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Turner Township conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. REPORTING ENTITY

Turner Township is governed by an elected five-member board. As required by GAAP, these financial statements present Turner Township and its component units. In evaluating how to define Turner Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity."*

In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

B. BASIS OF PRESENTATION

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provision. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of Turner Township are recorded in separate funds and account groups, categorized as follows:

TURNER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services. The fund includes the general operating expenditures of the local unit.

Special Revenue Funds

These funds are used to account for specific revenue derived from property taxes and State grants which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements. The Fire Fund and the Garbage Fund are the only Special Revenue Funds.

FIDUCIARY FUNDS

Trust and Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The only fund in this category is the Current Tax Fund.

ACCOUNT GROUPS

General Fixed Assets Account Group

This Account Group presents the fixed assets of the local unit utilized in its general operations.

Fixed assets used in the general operation of the Township are recorded as expenditures when purchased and are accounted for in the General Fixed Asset Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, drains, curbs, and gutters are not capitalized.

General Long-Term Debt Account Group

This account group presents the general obligation long-term debt of the Township.

TURNER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental fund types (General Fund and Special Revenue Funds) use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. The agency funds also use the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. An exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

Turner Township applies all GASB pronouncements when required, as well as FASB pronouncements unless those pronouncements conflict with or contradict GASB pronouncements.

Property Taxes

The Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Collection dates are December 1st through February 14th, after which the taxes are deemed to be delinquent. Taxes are recorded as revenue when they become available and measurable.

The 2003 taxable valuation of the Township totaled \$14,296,868, on which ad valorem taxes levied consisted of 1.2500 mills for the Township operating purposes and 0.85020 for fire protection. Property tax revenues were \$12,128 for general operating purposes and \$17,833 for fire protection. The special assessment levied for garbage collection totaled \$22,691.

These amounts are recognized in the respective General Fund and Special Revenue Funds financial statements as revenue since Arenac County purchases the delinquent real property taxes from the Township.

TURNER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes Receivable - Current

The taxes due from Arenac County consists of uncollected real property taxes and fees levied on the 2003 tax roll. The delinquent property taxes receivable may be summarized as follows:

General Fund	\$	1,851
Fire Fund		1,975
Garbage Fund		4,392

Fixed assets

Fixed assets of all funds are stated at estimated historical cost for assets acquired before April 1, 2001 when the Account Group was established. Donated fixed assets are valued at their estimated fair value on the date donated. Governmental funds' fixed assets are recorded in the general fixed asset account group.

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain "infrastructure" general fixed assets consisting of certain improvements other than buildings, including roads, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not recorded.

Total Column on Combined Statements- Overview

The total column on the combined Statements - Overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

TURNER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 2 - LEGAL COMPLIANCE

Budget Information

The annual budget is prepared by Turner Township management and adopted by the Township Board; subsequent amendments, if any, are approved by the Township Board. The annual operating budget has generally been prepared in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year-end. During the year, the budget was not amended.

Budgets were not adopted for the Fire Fund and Garbage Fund as required by P. A. 621.

During the year, Turner Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>Fund and Activity</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
General Fund:			
Board of Review	\$ 815	\$ 1,493	\$ 678
Treasurer	6,911	7,255	344
Fire Protection	-	2,565	2,565
Drains	3,100	3,105	5
Roads	6,970	8,040	1,070

NOTE 3 - DEPOSITS AND INVESTMENTS

Turner Township did not have any investments to be classified as to risk at year end.

Turner Township's deposits are presented on the balance sheet under the following categories:

Cash and Cash Equivalents	\$ 72,832
Total	<u>\$ 72,832</u>

The above amounts are classified by GASB Statement No. 3 in the following categories:

Bank Deposits (Checking Accounts and Savings Accounts)	\$ 72,832
Total	<u>\$ 72,832</u>

Michigan Compiled Laws, Section 129.91 authorizes the Township to deposit and invest in accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

TURNER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The Turner Township Board has designated seven institutions for deposit of Turner Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Township of Turner's deposits and investments are in accordance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for cash deposits are as follows:

	<u>CARRYING AMOUNTS</u>
Total Deposits	<u>\$ 72,832</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

<u>Deposits</u>	<u>Bank Balance</u>
	<u>Total</u>
Insured (FDIC)	\$ 78,756
Uninsured	-
Total Deposits	<u>\$ 78,756</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General	\$ 15,389	Tax	\$ 15,389
Total	<u>\$ 15,389</u>		<u>\$ 15,389</u>

NOTE 5 - CHANGES IN GENERAL FIXED ASSETS

Summary of changes in general fixed assets:

	Balance 04/01/03	Additions	Deletions	Balance 03/31/04
Land and building	\$ 54,000	\$ -	\$ -	\$ 54,000
Equipment	10,398	-	-	10,398
	<u>\$ 64,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,398</u>

TURNER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 6 - LONG-TERM DEBT

Turner Township borrowed \$ 35,000 on October 12, 2001 as an installment purchase agreement from Citizens Bank to purchase a building in Twining for use as a Township hall. The monthly payment is \$276.78 at 5.0% interest for 15 years.

CHANGES IN LONG TERM DEBT:

Balance - 4/01/03	\$ 32,694
Principal payments	<u>(1,722)</u>
Balance - 3/31/04	<u>\$ 30,972</u>

The interest expense for the Township for the year was \$1,599. The annual principal and interest requirements for fiscal years ending March 31, 2005 through 2016 are as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Principal	\$ 1,814	\$ 1,907	\$ 2,004	\$ 2,107	\$ 2,215
Interest	<u>1,507</u>	<u>1,415</u>	<u>1,317</u>	<u>1,215</u>	<u>1,107</u>
Total	<u>\$ 3,321</u>	<u>\$ 3,322</u>	<u>\$ 3,321</u>	<u>\$ 3,322</u>	<u>\$ 3,322</u>

	<u>2010-2014</u>	<u>2015-2017</u>	<u>Total</u>
Principal	\$ 12,893	\$ 8,032	\$ 30,972
Interest	<u>3,714</u>	<u>546</u>	<u>10,821</u>
Total	<u>\$ 16,607</u>	<u>\$ 8,578</u>	<u>\$ 41,793</u>

NOTE 7 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last 3 years.

NOTE 8 - TWINING-MASON-TURNER FIRE DEPARTMENT

Turner Township is a member of a joint Fire Board serving the Village of Twining, Mason Township and Turner Township. The three units of government each have the right to appoint two members to the Fire Board. The articles of agreement forming the joint fire department are in effect for a term of two years from the effective date of June 19, 2003. Financial information regarding the joint Fire Board can be obtained from the Township Clerk at the Township Hall.

SUPPLEMENTAL
INFORMATION

TURNER TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004

	<u>FIRE</u>	<u>GARBAGE</u>	<u>TOTALS</u>
ASSETS:			
Cash	\$ 16,166	\$ 18,909	\$ 35,075
Due from county	1,975	4,392	6,367
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>18,141</u>	\$ <u>23,301</u>	\$ <u>41,442</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Unreserved/Undesignated	<u>18,141</u>	<u>23,301</u>	<u>41,442</u>
Total liabilities and fund balances	\$ <u>18,141</u>	\$ <u>23,301</u>	\$ <u>41,442</u>

TURNER TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>FIRE</u>	<u>GARBAGE</u>	<u>TOTAL</u>
REVENUES:			
Taxes and assessments	\$ 17,833	\$ 22,691	\$ 40,524
Interest	<u>117</u>	<u>107</u>	<u>224</u>
Total revenues	<u>17,950</u>	<u>22,798</u>	<u>40,748</u>
EXPENDITURES:			
Current:			
Public works	-	21,248	21,248
Public safety	<u>18,218</u>	<u>-</u>	<u>18,218</u>
Total expenditures	<u>18,218</u>	<u>21,248</u>	<u>39,466</u>
Excess (deficiency) of revenues over expenditures	(268)	1,550	1,282
Fund balance - April 1, 2003	<u>18,409</u>	<u>21,751</u>	<u>40,160</u>
Fund balance - March 31, 2004	\$ <u><u>18,141</u></u>	\$ <u><u>23,301</u></u>	\$ <u><u>41,442</u></u>

TURNER TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	TOTALS			
	<u>Balance - April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance - March 31, 2004</u>
ASSETS:				
Cash	\$ <u> -</u>	\$ <u> 444,604 </u>	\$ <u> 429,215 </u>	\$ <u> 15,389 </u>
Total assets	\$ <u> 0 </u>	\$ <u> 444,604 </u>	\$ <u> 429,215 </u>	\$ <u> 15,389 </u>
LIABILITIES AND FUND BALANCE:				
LIABILITIES:				
Refunds	\$ <u> -</u>	\$ <u> 1,702 </u>	\$ <u> 1,702 </u>	\$ <u> -</u>
Due to Schools		<u> 158,544 </u>	<u> 158,544 </u>	<u> -</u>
Due to County	<u> -</u>	<u> 177,848 </u>	<u> 177,848 </u>	<u> -</u>
Due to Intermediate Schools	<u> -</u>	<u> 56,840 </u>	<u> 56,840 </u>	<u> -</u>
Due to Township	<u> -</u>	<u> 49,670 </u>	<u> 34,281 </u>	<u> 15,389 </u>
Total liabilities	\$ <u> 0 </u>	\$ <u> 444,604 </u>	\$ <u> 429,215 </u>	\$ <u> 15,389 </u>

TURNER TOWNSHIP
DETAIL OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

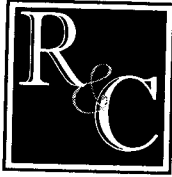
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES			
<u>TAXES</u>			
Property tax	\$ 12,000	\$ 12,128	\$ 128
Property tax administration fee	6,745	6,684	(61)
Total taxes	<u>18,745</u>	<u>18,812</u>	<u>67</u>
<u>STATE GRANTS</u>			
State shared revenues	<u>31,744</u>	<u>28,401</u>	<u>(3,343)</u>
<u>CHARGES FOR SERVICES</u>			
Land division and zoning	-	581	581
Road brine fees	-	1,460	1,460
Total charges for services	<u>-</u>	<u>2,041</u>	<u>2,041</u>
<u>INTEREST</u>	<u>375</u>	<u>518</u>	<u>143</u>
<u>OTHER</u>	<u>1,332</u>	<u>589</u>	<u>(743)</u>
Total revenues	\$ <u>52,196</u>	\$ <u>50,361</u>	\$ <u>(1,835)</u>
EXPENDITURES			
<u>LEGISLATIVE</u>			
Township Board			
Salaries and wages	\$	\$ 2,400	\$
Contractual services		425	
Payroll taxes		1,431	
Supplies		568	
Printing & publishing		52	
Insurance		3,126	
Miscellaneous		129	
Total legislative	<u>8,474</u>	<u>8,131</u>	<u>343</u>

TURNER TOWNSHIP
 DETAIL OF REVENUES AND EXPENDITURES
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<u>GENERAL GOVERNMENT</u>			
Supervisor			
Salary and wages	\$	\$ 3,600	\$
Total	<u>3,600</u>	<u>3,600</u>	<u>0</u>
Assessor			
Supplies		20	
Postage		289	
Contractual services		7,348	
Miscellaneous		400	
Total	<u>8,763</u>	<u>8,057</u>	<u>706</u>
Clerk			
Salary		5,154	
Supplies		75	
Postage		124	
Travel		42	
Total	<u>5,440</u>	<u>5,395</u>	<u>45</u>
Board of Review			
Wages		914	
Supplies		53	
Printing and publishing		226	
Travel		300	
Total	<u>815</u>	<u>1,493</u>	<u>(678)</u>
Treasurer			
Salary		4,950	
Supplies		84	
Postage		356	
Tax maintenance		460	
Telephone		1,275	
Travel		130	
Total	<u>6,911</u>	<u>7,255</u>	<u>(344)</u>

TURNER TOWNSHIP
DETAIL OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Township Hall and Grounds			
Repairs and maintenance	\$	\$ 675	\$
Telephone		674	
Electric		425	
Heat		616	
Sewer service		200	
Miscellaneous		8	
Total	<u>3,200</u>	<u>2,598</u>	<u>602</u>
Total general government	<u>28,729</u>	<u>28,398</u>	<u>331</u>
<u>PUBLIC SAFETY</u>			
Fire Protection	-	2,565	(2,565)
Planning and Zoning			
Wages		1,470	
Supplies		150	
Total	<u>2,050</u>	<u>1,620</u>	<u>430</u>
Total public safety	<u>2,050</u>	<u>4,185</u>	<u>(2,135)</u>
<u>PUBLIC WORKS</u>			
Drains			
Maintenance	<u>3,100</u>	<u>3,105</u>	<u>(5)</u>
Roads			
Maintenance	-	7,840	
Street lights		200	
Total	<u>6,970</u>	<u>8,040</u>	<u>(1,070)</u>
Total public works	<u>10,070</u>	<u>11,145</u>	<u>(1,075)</u>
<u>CAPITAL OUTLAY</u>			
Capital outlay	<u>150</u>	<u>-</u>	<u>150</u>
<u>DEBT SERVICE</u>			
Principal	1,723	1,722	1
Interest	1,599	1,599	-
Total	<u>3,322</u>	<u>3,321</u>	<u>1</u>
Total expenditures	\$ <u>52,795</u>	\$ <u>55,180</u>	\$ <u>(2,385)</u>



Rodney C. Robertson, CPA
Robert J. Carpenter, CPA

ROBERTSON & CARPENTER, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 69 • 103 E. Main Street • Rose City, Michigan 48654

Phone (989) 685-2411 • Fax (989) 685-2412

Other office: Mio, Michigan

September 13, 2004

Township Board
Turner Township
Arenac County, Michigan

Dear Township Board:

As part of the audit, we submit for your consideration certain suggestions and recommendations which we feel would strengthen your overall accounting and information system.

VOIDED CHECKS

Checks voided by the Township should be clearly marked "VOID" on the face of the check to prevent the check from being cashed in error. Another safeguard would be to cut out the authorized signature portion of the check. Voided checks should be retained as a part of the Township records.

BUDGET

There were a few instances where expenditures exceeded budgeted amounts. P.A. 621 requires the budget be amended prior to spending more than the amount originally budgeted. The budget should be reviewed periodically and amended as needed.

Budgets were not adopted for the Fire Fund and Garbage Fund as required by P. A. 621. Budgets should be adopted for these funds as required,

OVERVIEW

We received the complete cooperation of Township officials in performing the audit. If further assistance is needed in implementing these suggestions, please contact us.

Respectfully submitted,

Robertson & Carpenter, CPAs, LLP

ROBERTSON & CARPENTER, LLP
Certified Public Accountants